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Application of Separate Limitations to Dividends from Noncontrolled Section 902 Corporations

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Temporary regulations.

SUMMARY: This document contains temporary regulations regarding the application of separate foreign tax credit limitations to dividends received from noncontrolled section 902 corporations under section 904(d)(4). Section 403 of the American Jobs Creation Act of 2004, Public Law 108-357, 118 Stat. 1418 (October 22, 2004) (AJCA), modified the treatment of such dividends effective for taxable years beginning after December 31, 2002.

Section 403(l) of the Gulf Opportunity Zone Act of 2005, Public Law 109-135, 119 Stat. 2577 (December 22, 2005) (GOZA), permits taxpayers to elect to defer the effective date of the AJCA amendments until taxable years beginning after December 31, 2004. The temporary regulations provide guidance needed to comply with these changes and affect corporations claiming foreign tax credits. The text of these temporary regulations also serves as the text of the proposed regulations (REG-144784-02) set forth in the notice of proposed rulemaking on this subject published elsewhere in this issue of the **Federal**